

SENATE BILL 2659

By Black

AN ACT to amend Tennessee Code Annotated, Title 67,  
relative to tax credits for small business employers  
providing health benefits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109, is amended by adding  
the following language as a new, appropriately designated subsection:

( )

(1) A small business that provides health benefits for all of its employees during the taxable year shall be allowed a credit against the sum total of the taxes imposed by the Franchise Tax Law, compiled in this part, and by the Excise Tax Law, compiled in part 20 of this chapter, to offset its costs in providing health benefits for its eligible employees. For the purposes of this subsection, a taxpayer provides health benefits if the taxpayer pays at least fifty percent (50%) of the premiums for health care coverage for the employee and the employee's dependents that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the small employer carrier committee pursuant to § 56-7-2208 or if the taxpayer's employees have qualifying existing coverage. The credit shall be equal to a dollar amount per eligible employee whose total wages or salary received from the business does not exceed forty thousand dollars (\$40,000) on an annual basis. The dollar amount shall be four hundred dollars (\$400), not to exceed the taxpayer's costs of providing health benefits for the employee during the taxable year.

(2) As used in this subsection unless the context otherwise requires:

(A) "Eligible employee" means an employee who works for a small employer on a permanent full-time basis with a normal work week of thirty (30) or more hours;

(B) "Qualifying existing coverage" means benefits or coverage provided under an employer-based health insurance or health benefit arrangement, including a self-insured plan, that provides benefits similar to or in excess of benefits provided under the basic health care plan of coverage recommended by the small employer carrier committee pursuant to § 56-7-2208; and

(C) "Small business" means a taxpayer that employs no more than twenty-five (25) eligible employees throughout the taxable year.

SECTION 2. For the purpose of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2008, the public welfare requiring it and shall apply to tax years beginning on and after such date.